

Introduction

This section of the Budget is designed to assist readers with interpreting and understanding the content of the Governor’s annual budget proposal. Included are brief descriptions of the major sections of the Governor’s Budget, a guide to reading the financial tables included in the budget summaries, and a brief description of New Jersey’s budget process.

Background

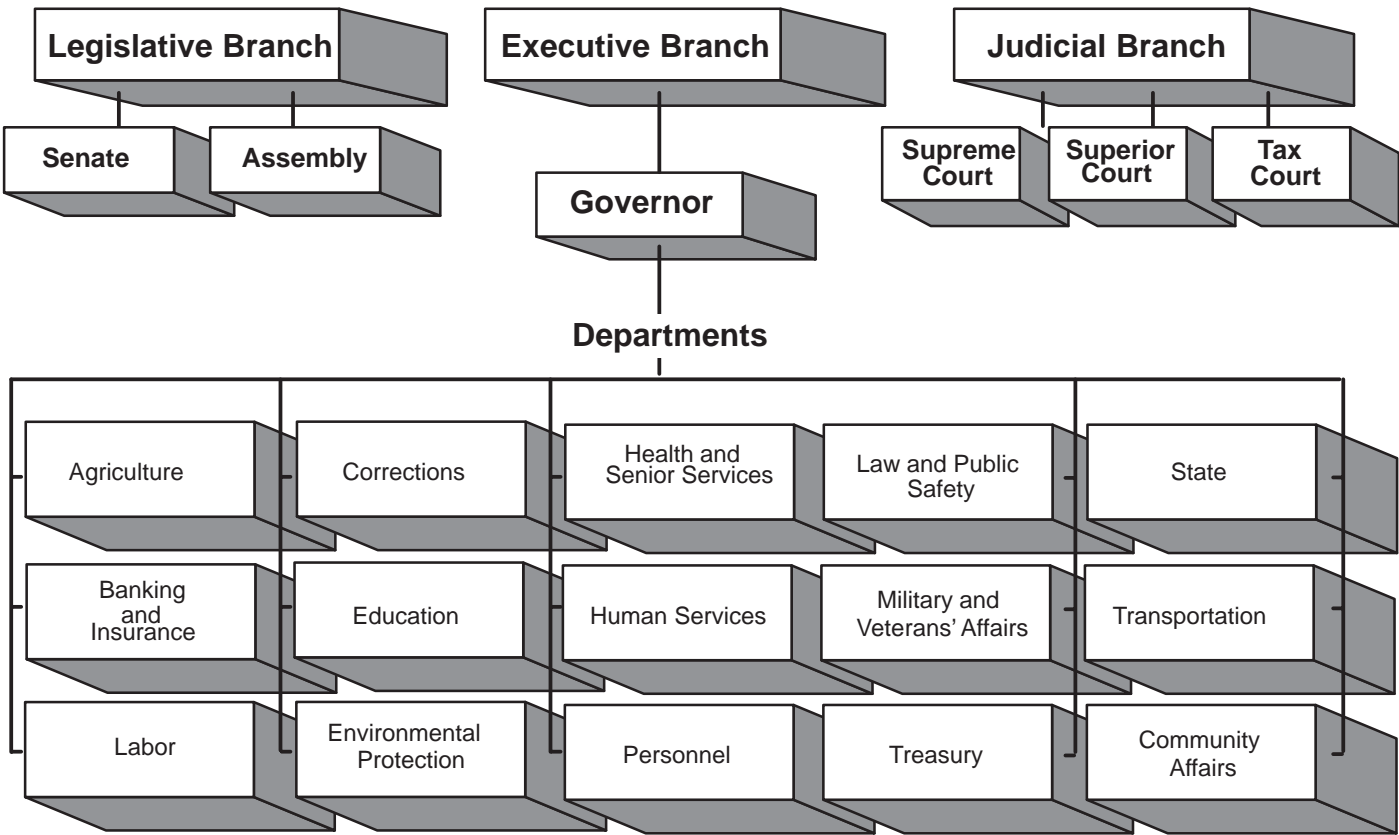
The State of New Jersey was one of the original thirteen colonies, and was the third state to ratify the United States Constitution in 1787. New Jersey’s governmental structure is similar to the federal model, with three separate branches of government – a

Legislative Branch, a Judicial Branch and an Executive Branch. The original State Constitution was adopted on July 2, 1776 and was subsequently superseded in 1844 and 1947.

The Constitution of the State requires a balanced budget and restricts State long-term borrowing to one percent of total appropriations, unless higher amounts are specifically approved by voters at a general election. Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within the same fiscal year, is not prohibited by the Constitution, and is authorized in the Annual Appropriations Act.

A State Government Organization chart is provided below:

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



### THE STATE BUDGET PROCESS

The fiscal year for New Jersey State government, which includes the Legislature, the Judiciary, and all Executive Branch departments and agencies, is from July 1 to June 30 of the following year. For example, “fiscal year 2000” refers to the fiscal year ending June 30, 2000 (The federal government’s fiscal year begins October 1, and ends on September 30.)

In the past, the budget process in New Jersey has had several variations, including Zero Based Budgeting (ZBB) and the Planning, Programming and Budgeting System (PPBS).

The current process, the Integrated Planning and Budgeting Process, uses several of the key features of all previous budget processes, and is designed to result in planning driven budgets. Implementation of the process usually begins during the month of April some fifteen months prior to the year for which the budget will be effective.

The planning framework that begins this process each year includes reviews of the Governor’s program priorities, economic forecasts, demand assumptions and analyses of selective program areas. General guidance is provided to each State agency, usually in August – September.

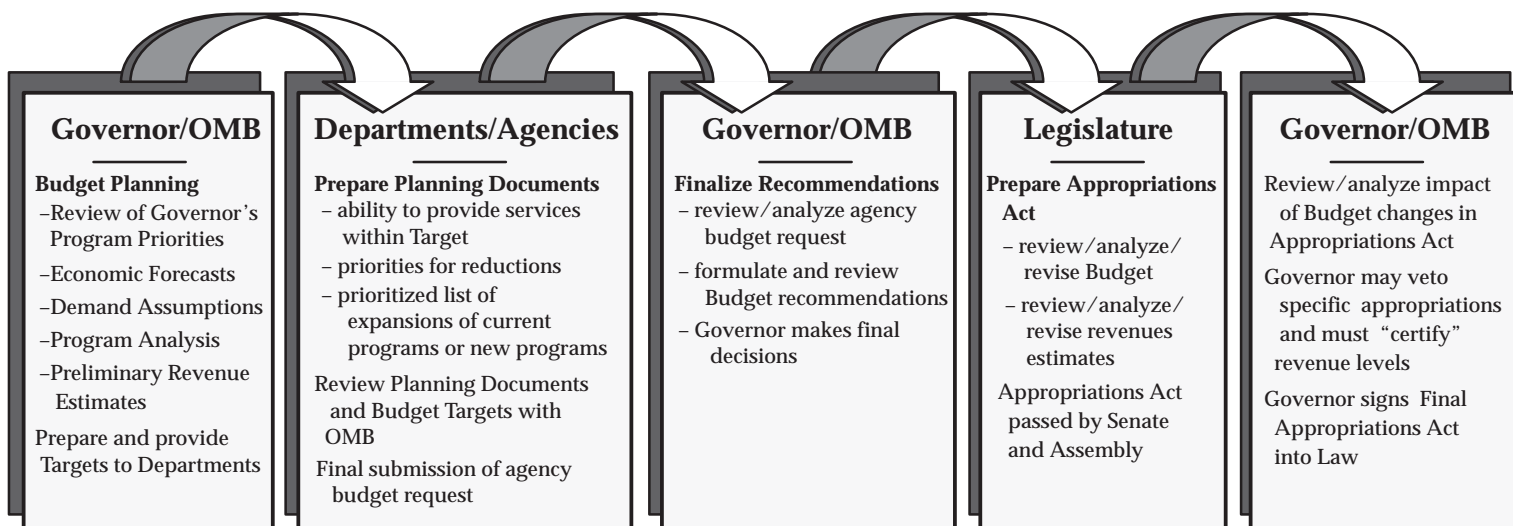
Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies’ priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office of Management and Budget (OMB) reviews the planning documents with the agencies and budget targets are agreed upon. The planning portion of the process is then culminated by the final submission of the agency budget request to OMB.

During the months of December and January, the Director of the Office of Management and Budget reviews budget recommendations with the Governor, the State Treasurer and the Governor’s staff. The Governor makes the final decisions in January. The Budget Message, representing the Governor’s recommendations on how revenues should be allocated, is delivered to the

Legislature on or before the third Tuesday following the first meeting of the State Legislature, except in the year when the Governor is inaugurated, when it must be transmitted on or before February 15 (although the Legislature may extend this deadline under unusual circumstances). From year to year, the Budget probably is the single most important policy statement that the Governor makes.

The Legislature, through a series of hearings conducted by its Appropriations Committees, reviews the Budget and makes changes. The Legislature also reviews the revenue estimates included in the Governor’s Budget, and based upon several additional months of actual revenue collections in the current fiscal year, makes adjustments to the Budget’s revenue projections and surplus estimates. The Budget, including changes made by the Legislative Committees, must then be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced budget must be approved and signed by the Governor before July 1. After the Legislature passes the Appropriations Act, the Governor has the power to veto specific appropriations (line items), or Appropriation Language segments, which may have been added by the Legislature as a result of its review of the Governor’s proposals. The line-item veto allows the Governor to reshape the final Budget and ensure that appropriations do not exceed the certified level of revenues. (As part of the final Appropriations Act, the Governor must “certify” the level of revenues in order to meet the constitutional requirement of a balanced budget.) The final approved budget, which includes the Governor’s line item vetoes and certification of revenues, is the Appropriations Act. Once the budget is enacted, it becomes an effective tool for fiscal control and monitoring program effectiveness.

As part of the first execution phase of the Budget process, and to ensure that State monies are spent according to the intent of the Budget, all state departments are required by appropriations language included in the Budget to submit quarterly spending plans to the Office of Management and Budget and the Legislative Budget Officer.



## HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections, which provide information on a broad range of budget related topics, including anticipated state revenues, gubernatorial policies

and new initiatives, and agency programmatic achievements. The major sections are described below:

- 1.) The ***Governor's Budget Message*** describes in general terms the policies and new initiatives as well as the reductions and efficiencies proposed in the Budget. The Governor's Message generally includes a description of the economic situation within the state and the expected impact of projected economic trends on the state's fiscal condition. The Governor's Message may also include broad programmatic goals for each of the individual State departments or major segments of the government as well as policy directions for the upcoming fiscal year.
- 2.) The ***Summaries of Appropriations Section*** of the Budget includes a selection of tables and charts designed to summarize the Governor's recommendations and highlight the major changes included within the proposed Budget. For instance, the *Budget in Brief* provides a summary of total revenues and recommendations for each of the state's major fund categories, such as the General Fund, Casino Revenue Fund, and Property Tax Relief Fund. This section also includes a number of fiscal tables which explain the Governor's recommendations at various, significant levels of aggregation.

### *Summary of Appropriation Recommendations*

#### *Summary of Appropriation Recommendations by Fund*

#### *Summary of Appropriation Recommendations by Organization*

#### *Summary of Appropriations by Category or Purpose*

#### *Summary of Appropriations by Statewide Program*

#### *Appropriations – Major Increases and Decreases*

Also included within this section is the *Major Highlights* of the fiscal year 2000 Budget, which discusses the major programmatic and operational impact of the budget proposals.

Additional summaries of major increases and decreases, and charts and graphs depicting significant programmatic or fiscal trends included within the FY 2000 Budget are also included within this section.

- 3.) The ***Summaries of Revenues, Expenditures and Fund Balances*** section provides an overview of the state's economy and revenue outlook and the impact that anticipated economic trends will have on the state's revenue estimates. The tables included within this section highlight the state's major revenue sources, such as the income tax, sales tax, corporation tax, etc., and provide year-to-year comparisons and projections for the fiscal year 2000 budget year. Most of the schedules and exhibits in this section are displayed by *Fund*. For the purposes of state financial accounting, funds are accounting entities which segregate financial resources according to the purposes for which they may be used.

This section includes four "major schedules" which provide detail of actual and estimated revenues and expenditures by department. Within each department, individual revenue sources are shown, including those which are dedicated to support specific functions or programs and are derived from fees, fines, or charges for services, which are established by law or agency regulation.

**Schedule I** depicts anticipated revenue which, together with estimated beginning Undesignated Fund Balance (Surplus), provide the resources for the recommended appropriations summarized in **Schedule III** (Expenditures Budgeted).

**Schedules II & IV** enumerate estimated revenues and expenditures on an as received basis over and above the general revenues and specific line item appropriations shown in **Schedules I & III**.

- 4.) The ***Budget Recommendations*** section is the largest section of the Budget and includes the greatest detail on proposed appropriations. It is divided into categories based on the source and use of appropriations; and is organized by Governmental Branch and sorted in alphabetical order by agencies or executive departments. The major sub-divisions of this section are summarized below:

- a. Department and Branch Recommendations  
(Direct State Services, Grants-In-Aid, State Aid)
- b. Capital Construction
- c. Debt Service
- d. Language Provisions
- e. Revolving Funds

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### 4.A.) Budget Recommendations – Overview

For fiscal 2000, the Budget has been reorganized to improve its readability and usefulness. The most significant change is the grouping of all of a department's non-capital, non-debt appropriations into a single subdivision of the document. The separate sub-divisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, and State Aid have been eliminated and all non-capital, non-debt appropriations associated with each department are now shown together in a new, consolidated display. In addition, the separate sub-divisions for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) have been eliminated; these appropriations have also been added to the new, consolidated departmental presentation. An aggregate view of appropriation recommendations affecting State Aid, the Casino Revenue Fund, etc., are presented in new summaries in the "Summaries of Appropriations" section.

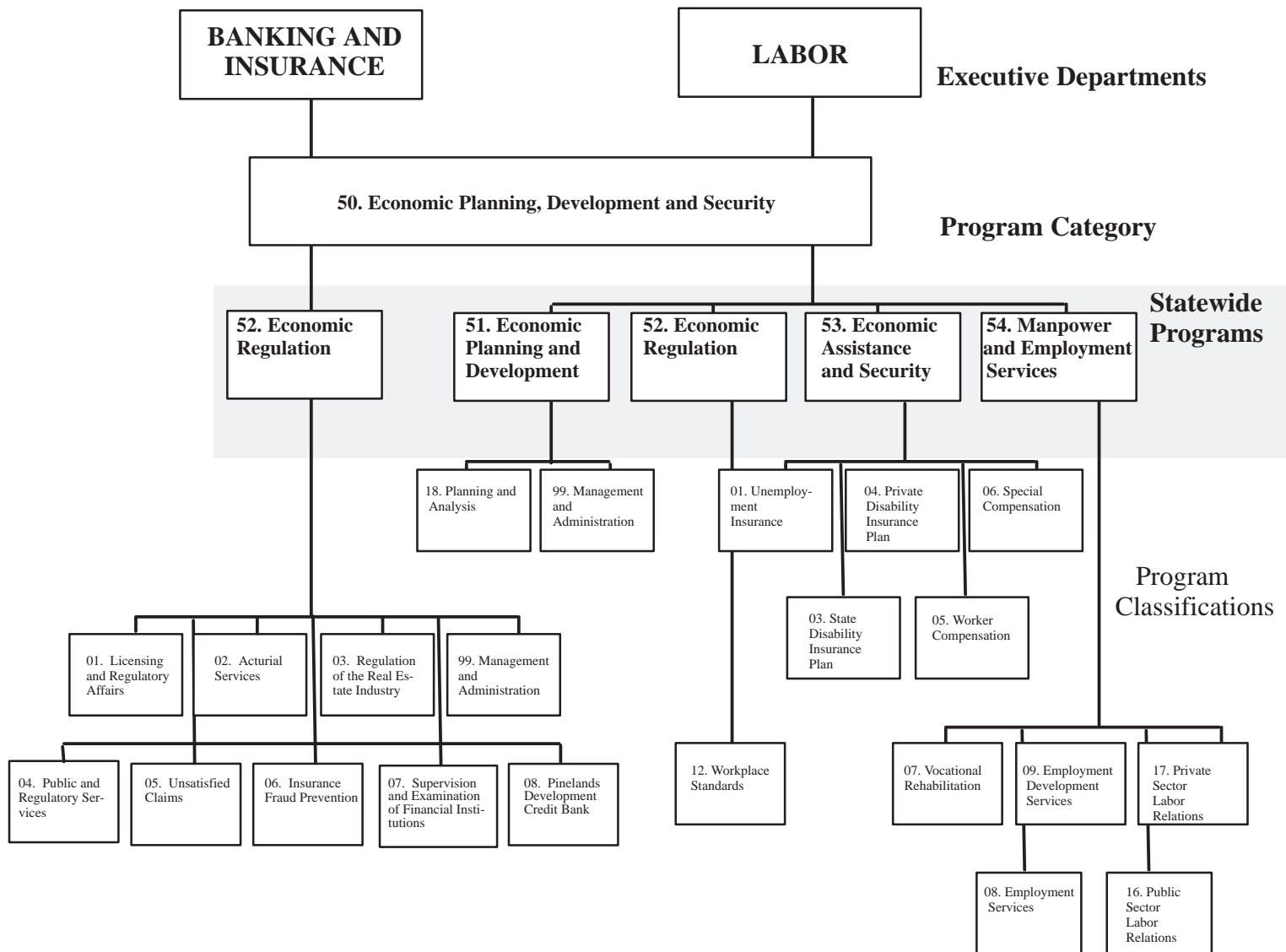
These changes were made to better organize program descriptions and operating and evaluation data with the relevant appropriation recommendations. This consolidated presentation will provide readers with a comprehensive view of all of a department's operations, across all spending categories and funds. This should help New Jersey citizens better understand the relationships between *all* of the recommendations affecting departmental programs.

Each of the sub-sections of the *Budget Recommendation* section follow a consistent hierarchical order – Department, Program Category, Statewide Program, Organization and/or Program Classification. Individual departmental presentations are grouped by "Statewide Program" which represent a high level, functional grouping of related programs contributing to a broad statewide objective. Statewide Programs generally span several departments. Examples of Statewide Programs include Public Safety and Criminal Justice, Natural Resource Management, and Parole and Community Programs.

Below Statewide Programs, the Budget presentation is further broken down into "Program Classifications," which represent a lower level, operating program function, consisting of closely related activities with identifiable objectives or goals. Examples of program classifications include Water Supply Management, Forestry Management, Shellfish and Marine Fisheries Management, in the Department of Environmental Protection. Detailed descriptions of agency program classifications are provided at the beginning of each statewide program presentation within a department, along with objectives for the entire statewide program.

In the Department of Labor for example, all programs are grouped under the broad **Program Category** of *Economic Planning, Development and Security*. They are further divided into the following four **Statewide Programs**: 1.) *Economic Planning and Development*, 2.) *Economic Regulation*, 3.) *Economic Assistance and Security*, and 4.) *Manpower and Employment Services*. Each of these **Statewide Programs** are made up of a number of individual program classifications. **Program Categories and Statewide Programs** generally span multiple departments.

The programmatic hierarchy of two State departments, Banking and Insurance and Labor, is shown on the facing page. Note that the Statewide Program, Economic Regulation, is common to both.



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### 4.B.) Budget Recommendations – Descriptions of Sub-Divisions

Detailed descriptions of the sub-divisions of the *Budget Recommendations Section* are provided below:

- a.) *Department and Branch Recommendations* is the sub-division of the Budget that relates to the appropriations and expenditures that support operations of State agencies, grants and state aid. In addition to appropriation and expenditure data, agency objectives, descriptions of agency programs and programmatic evaluation data are detailed. Federal and non-state funds are also included here.

Each statewide program presentation includes relevant *Evaluation Data*, which provide comparative measurements of agency workload, effectiveness, and/or efficiency. This information shows the impact of the recommended funding level on an agency's activities.

Information is provided on the number of employees and funded positions within each department. The actual number of employees reported may be less than the number of positions allocated to an agency and is dependent upon authorized hiring levels and other factors. Position and Personnel data are summarized to the program classification level, and include information on the current year, two prior years, and a projection for the budget request year.

The *Appropriations Data* component includes detailed funding recommendations from the General Fund and Dedicated Funds by program classification, fund category (Direct State Services, Grants-In-Aid, State Aid) and object of expenditure. The *General Fund* represents the collection of all State revenues, not otherwise restricted by statute. There are four major funds dedicated by the Constitution for specific purposes. The *Property Tax Relief Fund*, financed by the personal income tax, provides aid to local schools and municipalities as well as the Homestead Rebate Program, which offsets a portion of an individual's property taxes. The *Casino Revenue Fund*, the proceeds of a tax upon casino revenues, funds new or expanded programs for the elderly and the disabled. The *Casino Control Fund* represents the cost of regulating the casino industry, as charged to that industry. And the *Gubernatorial Elections Fund* consists of designated contributions by taxpayers for the public financing of gubernatorial elections. By examining changes in the program classification recommendations vis-à-vis prior year spending levels and other programs, readers will be able to ascertain savings and efficiencies as well as the relative priority that is being placed on specific agency program activities.

Various fund appropriations are broken down into categories based on how the appropriations will be used. *Direct State Services* represent funding to support the administration and direct operations of State programs. Objects of expenditure such as state employee salaries, materials and supplies, (paper, printing etc.), services other than personal (telephones, postage, software, consultant services) maintenance, equipment and special purpose accounts are included in this category. Contracted services, such as the operations of motor vehicle agencies, are also paid out of direct state services.

Grants-In-Aid appropriations represent funding of grants made to individuals and various public and private agencies, for services that are considered the overall responsibility of the State but that are provided by third parties. The largest grant-in-aid program is Medicaid, but others include block grants to senior public colleges and universities, subsidy assistance to NJ Transit, and tuition assistance programs. The State's Homestead Rebate program and the Direct School Tax Relief program are also funded in the Grants-In-Aid component. A summary of State Grants-In-Aid, by department and program is provided on page B-x.

State Aid is the recommendation for payments by the State to or on behalf of a local unit of government (county, municipality, or school district) to assist this local government in carrying out its responsibilities. The largest state appropriations are for aid to local schools.

Language Recommendations, the final, significant item of this budget sub-division are included at the end of statewide program or departmental presentations. These language provisions are as significant as the fiscal recommendations because they provide the Department, the Legislature, or the Director of the Division of Budget and Accounting with specific budget and/or spending authority or establish limits on such authority. It is through budget language, that prior year balances are appropriated for current year expenses or lapsed, and that departments are incentivized allowing retention of fine or fee revenue above a specific predetermined amount.

- b.) The *Capital Construction* sub-division contains the recommendations, by capital project within department, for current (pay-as-you-go) projects, as opposed to those funded by long-term bonds. A capital project includes the acquisition of land, new structures and equipment, and other projects whose estimated cost of land, planning, furnishing and equipping is estimated to be \$50,000 or more. Projects or acquisitions under \$50,000 are appropriated in the maintenance accounts in Direct State Services.
- c.) The *Debt Service* sub-division depicts the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing of capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current Debt Service appropriations. Historically, New Jersey Debt Service payments average approximately three percent of the total General Fund appropriations.
- d.) The *Language Provisions* sub-division of the Budget establishes authority beyond the specificity of the detailed line-item budgets for both general and federal funds. They apply to broad areas of the budget such as entire funds, appropriations in general and in some cases mandate additional administrative requirements related to the enactment of the budget. Language also authorizes adjustments for reorganizations and corrections to the appropriations act after its enactment.



e.) *Revolving Funds* is the sub-division of the Budget that depicts programs or agencies not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.

5.) The **Appendix** includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 1998, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 1999 and fiscal 2000.

Special Revenue Funds (Appendix 1A) are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds (Appendix 1B) are used to account for financial resources to be used for the acquisition or construction of major capital facilities for State use. Funds granted to other units of government for facilities are not classified as Capital Project Funds and are included as expenditures of Special Revenue Funds. Various Capital Projects Funds include funds both for capital facilities for State use and for grants to other units of government.

Trust Funds (Appendix 1C) are used to account for assets held by the State in a trustee capacity for individuals, private organizations, other governments and/or other funds.

Other exhibits in the appendix include a listing of programs eligible for support from the Lottery Fund in addition to other special summaries.

## BASIS OF BUDGETING

An annual budget is prepared for the General Fund and certain special revenue funds (Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief funds). The Legislature enacts the Budget through passage of specific departmental appropriations, the sum of which may not exceed estimated revenues and the Governor is responsible for the final certification of revenue.

The Governor's budget is prepared in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when susceptible to accrual; that is, when they are both measurable and available to finance expenditures of the fiscal period. Significant revenue sources which are susceptible to accrual include sales tax, individual income taxes, corporate income taxes and federal grants.

Appropriations are recommended at a level sufficient to recognize all accrued expenditures applicable to the fiscal period. Expenditures are recorded on an accrual basis when the related liability is incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded when expenditures are incurred. Expenditures for principal and interest on general obligation long-term debt are recognized when due.

The use of the term "expended" to report the most recent actual year activity in the budget is not in strict accordance with GAAP, in that this amount includes encumbrances which under GAAP are reservations of fund balance, not expenditures.

## RELATIONSHIP TO THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Department of the Treasury, OMB, issues the Comprehensive Annual Financial Report (CAFR) which includes all funds and account groups. The State's budgetary basis differs from that utilized to present financial statements in conformance with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, the federal revenue related to such encumbrances is also recognized, and the budgetary basis reflects transactions only for the current fiscal year. In addition, the budgetary basis does not accrue the value of food stamps.

## BUDGETARY CONTROL

Budgetary control is maintained at the item of appropriation level. "Item of appropriation" means the spending authority associated with an organization, appropriation source, and program classification, as identified by line-items in the Appropriations Act. Internal transfers within programs are permitted within certain constraints, transfers between program or over designated levels require the approval of the legislature. In cases where appropriations are based on anticipated revenues, spending authority will be reduced by the amount of the deficiency. Other changes to the budget not authorized by specific language provision, must be approved by the legislature in a supplemental appropriation.

## YEAR END BALANCES

Appropriations are authorized for expenditures during the fiscal year and for a period of one month thereafter, and unencumbered appropriations lapse at year end, unless otherwise specified by the Appropriations Act. Non-lapsing balances are considered automatically reappropriated as authorized by statute or by the appropriations act.

# NOTES



10. PUBLIC SAFETY AND CRIMINAL JUSTICE  
12. LAW ENFORCEMENT

OBJECTIVES

PROGRAM CLASSIFICATIONS

1. To prosecute all criminal appeals.

09. **Criminal Justice.** Exercises functions pertaining to enforcement and prosecution of criminal activities in the State.

EVALUATION DATA

	Actual FY 1997	Actual FY 1998	Revised FY 1999	Budget Estimate FY 2000
<b>PROGRAM DATA</b>				
<b>Criminal Justice</b>				
Complaints, Inquiries, Other Matters (Closed) .....	3,343	5,571	6,000	6,000
<b>PERSONNEL DATA</b>				
<b>Position Data</b>				
State Supported .....	359	368	354	424

APPROPRIATIONS DATA  
(thousands of dollars)

Year Ending June 30, 1998	Year Ending June 30, 2000
Orig. & (S)Supple- mental	Recom- mended
22,507	28,291
22,507	28,291
690	625
447	477
2,321	4,631
2,321	4,631
17,559	23,691
---	1,000
---	1,000

## Reading the Budget Tables

The Appropriation summaries and individual agency Budgets included in the New Jersey Budget document generally follow a consistent format, an annotated version of which is shown on the following pages.

4,948	---	---	4,978	4,978	State Aid - General Fund				
					Safe and Secure				
					Neighborhoods Program	09	3,600	3,600	3,600
4,948	---	30	4,978	4,978	Total State Aid - General Fund		3,600	3,600	3,600

OTHER RELATED APPROPRIATIONS

1,000	---	---	1,000	1,000	Total Capital Construction		---	---	---
23,507	4,646	712	28,865	28,121	TOTAL STATE APPROPRIATIONS		---	---	---
					Federal Funds				
59,655	14,486	-151	73,990	31,803	Criminal Justice	09	42,574	33,350	33,350
59,655	14,486	-151	73,990	31,803	Total Federal Funds		42,574	33,350	33,350
					All Other Funds				
	1,136				Criminal Justice	09	34,850	34,760	34,760
	16,125 <sup>R</sup>	1,975	19,236	8,583	Total All Other Funds		34,850	34,760	34,760
	17,261	1,975	19,236	8,583	GRAND TOTAL		99,115	96,401	96,401
83,162	36,393	2,536	127,091	68,507					

Notes — Direct State Services — General Fund

(a) The fiscal 1999 appropriation has been adjusted for the allocation of salary program.

Language Recommendations — Direct State Services — General Fund

The unexpended balance as of June 30, 1999 in the Victim Witness Advocacy Fund account, together with receipts derived.

A statement of specific, measurable accomplishments related to the need, problem or opportunity the program is designed to address

Program Classification Account code.

Evaluation Data provides measurements of workload effectiveness and efficiency.

The Original and Supplemental column represents the original appropriation for fiscal year 1997 as enacted by the Legislature on July 1, 1996. This column also includes the total of all supplemental appropriations which were enacted by the Legislature and signed into law by the Governor during fiscal year 1998.

Reappropriations and Receipts column contains two separate items. Reappropriations, which represent funds that remained unexpended from a prior fiscal year and were made available for spending purposes in the budget year. Reappropriations are usually restricted to certain programs or accounts with multi-year obligations, such as Capital Accounts, where rehabilitation or construction projects typically take several years. Receipts represent dedicated taxes or fees which are credited to a specific account or agency. An example of receipts are funds collected for Hunters and Anglers' programs from license fees Receipts are indicated by a superscript "R".

Transfers and Emergencies are either Transfers, which represents monies which were either transferred between departments and agencies or between fund categories, or Emergencies, which represent an allocation of funds to an agency from the State Emergency Fund to meet unanticipated spending requirements. In the tables within the Budget Recommendation section, emergency transfers are indicated by a superscript "E".

Total Available is the total of the original and supplemental appropriations plus any reappropriations and receipts plus or minus transfers and emergency funds.

The Expended Amount represents total disbursements and obligations made in fiscal year 1998.

10. PUBLIC SAFETY AND 12. LAW ENFO					
OBJECTIVES					
1. To prosecute all criminal appeals.					
EVALUATION					
PROGRAM DATA Criminal Justice Complaints, Inquiries, Other Matters (Closed) .....					
PERSONNEL DATA Position Data State Supported .....					
APPROPRIATIONS (thousands of dollars)					
Year Ending June 30, 1998					
Orig. & (S) Supple- mental	Reapp. & (R) Receipts	Transfers & (E) Emer- gencies	Total Available	Expended	Distribu
22,507	4,646	712	27,865	27,121	Crimin
22,507	4,646	712	27,865	27,121	Tota
Distribu					
Direct S					
13,790	3,000 <sup>R</sup>	-691	16,109	16,109	Personal
13,790	3,000	-691	16,109	16,109	Salari
511	—	222	533	533	Tota
690	—	291	981	981	Material
447	—	350	797	797	Services
2,321	1,646	—	3,967	3,549	Mainten
2,321	1,646	—	3,967	3,549	Special I
17,559	4,646	682	22,887	22,143	Divisi
—	—	—	—	—	State
—	—	—	—	—	Tota
—	—	—	—	—	Grants-
—	—	—	—	—	Huma
—	—	—	—	—	Tota
—	—	—	—	—	Ge
4,948	—	—	4,978	4,978	State Ai
4,948	—	30	4,978	4,978	Sale a
—	—	—	—	—	Neig
—	—	—	—	—	Tota
—	—	—	—	—	Fu
OTHER I					
1,000	—	—	1,000	1,000	Tot
23,507	4,646	712	28,865	28,121	FO
50,655	14,486	-151	73,990	31,803	Feder
59,655	14,486	-151	73,990	31,803	Crimin
—	—	—	—	—	Tota
—	—	—	—	—	AB OI
—	1,136	—	—	—	—
—	16,125 <sup>R</sup>	1,975	19,236	8,583	Crimin
—	17,261	1,875	19,236	8,583	Tota
83,162	36,393	2,536	127,691	68,507	GR
Notes — Direct State Services — General Fund					
for the fiscal 1999 appropriation has been adjusted for the allocation of salary					
Language Recommendations — Direct State Services — General Fund					
The unexpended balance as of June 30, 1999 in the Victim Witn					

<b>CRIMINAL JUSTICE ENFORCEMENT</b> <b>PROGRAM CLASSIFICATIONS</b> 09. Criminal Justice. Exercises functions pertaining to enforcement and prosecution of criminal activities in the State.			
<b>ACTUAL DATA</b>			
Actual FY 1997	Actual FY 1998	Revised FY 1999	Budget Estimate FY 2000
3,343	5,571	6,000	6,000
359	368	354	424
<b>RECOMMENDED DATA</b>			
(in dollars)			
	Prog. Class.	1999 Adjusted Approp.	Year-Ending June 30, 2000 Requested Recommended
Allocation by Program	09	21,691	28,291 28,291
Allocation by Fund and Object		21,691	28,291 28,291
<b>State Services - General Fund</b>			
Services:			
Salaries and Wages		14,477	17,677 17,677
Personal Services		14,477	17,677 17,677
Supplies		311	311 311
Other Than Personal		625	625 625
Interest and Fixed Charges		477	477 477
Purpose:			
Cost of Criminal Justice-Match	09	2,231	4,631 4,631
Special Purpose		2,231	4,631 4,631
Direct State Services - General Fund		18,691	23,691 23,691
In-Aid - General Fund			
Relations Council	09	—	1,000 1,000
Grant-In-Aid - General Fund		—	1,000 1,000
General Fund			
Secure Neighborhoods Program	09	3,600	3,600 3,600
State Aid - General Fund		3,600	3,600 3,600
<b>RELATED APPROPRIATIONS</b>			
Capital Construction		—	— —
<b>STATE APPROPRIATIONS</b>			
Funds			
Justice	09	42,574	33,350 33,350
Federal Funds		42,574	33,350 33,350
Other Funds			
Justice	09	34,850	34,760 34,760
All Other Funds		34,850	34,760 34,760
<b>GRAND TOTAL</b>		<b>99,115</b>	<b>96,401 96,401</b>
program. and ss Advocacy Fund account, together with receipts derived.			

*Program Category—The broadest grouping of programs presented in the Budget document.*

*Statewide Program—A high level, functional grouping of related programs.*

*Program Classes—low level, operating program functions grouped together under statewide programs. It is the level at which Appropriations are made.*

*Adjusted Appropriation represents the current fiscal year appropriation, adjusted to include any distributions made from central, interdepartmental accounts to cover employee cost of living adjustments, etc., as well as any supplemental appropriations which were enacted prior to the printing of the Budget or anticipated through year end.*

*The Requested column represents the amount requested by the various Executive departments, and agencies and other branches of government.*

*The Recommended Budget column represents the Governor's proposal to the Legislature.*

*Other Related Appropriations, also called below-the-line appropriations, are summarized in the Direct State Services presentation in order to provide an overview of agency budgets encompassing all spending categories and funding sources.*

*Appropriation Language is as important as the fiscal recommendations. It sets limits and conditions on the use of appropriations.*

# READER'S GUIDE

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## GLOSSARY

This glossary contains definitions of terms used in this budget, or in State budgeting and accounting procedures. It is not intended to be an exhaustive dictionary of accounting and budgeting terms, but does define the most commonly used terminology.

**ACT**— A bill passed by the legislature and signed into law by the Governor.

**ADDITIONS, IMPROVEMENTS AND EQUIPMENT**— Additions and improvements which are less than \$100,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment. Any addition and improvement that is \$100,000 or more or is for a new structure is classified as Capital Construction.

**ADJUSTED APPROPRIATION**— The total of an original appropriation, all supplemental appropriations and certain allotments from Inter-departmental appropriations.

**ALL OTHER FUNDS**— Revenues, other than Federal, which are not anticipated as resources to support the annual State budget. Upon receipt, these funds become appropriated, as provided by the language of the Appropriations Act.

**ALLOTMENT**— An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter. In the instance of Inter-departmental appropriations, allotments made to the various agencies simultaneously transfer appropriations and make them available for encumbrance or disbursement by the agency.

**ANTICIPATED RESOURCES**— For each fiscal year, is the sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental Federal aid and revenues of trust funds which are not within the General Treasury.

**ANTICIPATED REVENUE**— That portion of estimated revenues to be realized in any fiscal year which have been anticipated as General Fund resources to support the appropriations made, or undesignated fund balance projected, in the annual Appropriations Act. Such revenues are not available for expenditure unless appropriated by the Legislature.

**APPROPRIATED REVENUE**— Those revenues not previously anticipated or budgeted, which upon receipt increase appropriation balances as authorized in the Appropriations Act, and from which agencies may incur obligations or make expenditures for specific purposes.

**APPROPRIATION**— The sum of money authorized by an act of the Legislature for expenditure during a particular fiscal year.

**APPROPRIATION ACT**— The Act passed by the New Jersey Legislature to appropriate, on an annual basis, the resources of the State for operating grants-in-aid, state aid, capital, and debt service expenses.

**ATTRITION**— A means of reducing the number of employees by not refilling positions vacated through resignation, reassignment, transfer, retirement or means other than layoffs.

**BEGINNING BALANCE**— The amount of funds available at the start of a state fiscal year that is left over from the previous year.

**BILL**— A proposed law.

**BLOCK GRANT**— An amount allotted by the Federal government to the State to be allocated to a particular program area within general

guidelines as the State determines.

**BOND**— A funding tool representing a written promise to pay a specific sum of money in the future plus interest. In New Jersey, bonds are used to finance capital improvements.

**BOND FUND**— A fund into which are received the proceeds from the issuance of bonds, and from which are paid all proper expenditures for the purposes for which the bonds were authorized.

**BUDGET**— The proposed financial plan of the State government for the fiscal year, setting forth the anticipated resources from all sources and proposed appropriations.

**BUDGET CYCLE**— The four major phases which constitute the traditional budget cycle: (1) central and agency planning, (2) agency/executive preparation, (3) legislative review, and (4) execution and evaluation.

**BUDGETED POSITION**— A position specifically approved and funded by a State appropriation in a salary object account.

**BUDGET REQUEST**— The request, required by law, of each spending agency for an appropriation or permission to spend during the next ensuing fiscal year.

**CAPITAL CONSTRUCTION**— One of the major subdivisions of the State budget, this category includes funds budgeted for:

1. Acquisition of or option to buy land and right-of-way and existing improvements therein, regardless of cost.
2. New buildings and structures not attached to or directly related to any existing structures, regardless of cost.
3. Projects whose estimated cost including land, planning, furnishing and equipping, is usually \$50,000 or more regardless of the construction involved.

**CAPITAL PROJECT FUNDS**— Account for financial resources for the acquisition or construction of major capital facilities.

**CASINO CONTROL FUND**— Accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

**CASINO REVENUE FUND**— Accounts for the tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

**CATEGORICAL GRANT**— An amount allotted by the Federal government to the State to be allocated to a particular program area for a specific purpose or mandate of the Federal government.

**CERTIFICATES OF PARTICIPATION**— Certificates which are sold to investors to raise cash to purchase equipment through a master lease-purchase agreement. The principal and interest on the certificates are paid from appropriations made to agencies which obtained equipment through the master lease-purchase program. (See also MASTER LEASE PROGRAM.)

**CHART OF ACCOUNTS**— A systematic structure for appropriating and recording accounting information pertaining to the financial activities of the State.

## GLOSSARY

**CONTINGENCY APPROPRIATION**— An appropriation to provide for unforeseen expenditures or for anticipated expenditures of uncertain amounts.

**CONTROL ACCOUNT**— Denotes an account established for the purpose of receiving and holding unallocated appropriations or appropriated receipts pending transfer to operating, or expenditure accounts.

**DEBT SERVICE**— One of the major subdivisions of the State budget, this category provides the resources to finance payment of general long-term debt principal and interest, such as bond issues or other long-term financing.

**DEDICATED FUND**— A fund normally contained in the General Fund, consisting of resources owned by the State, the use of which is constrained, either by statutory specification, dedication or other restriction, or a particular purpose or program. Receipts from a specific revenue source may be dedicated by the annual Appropriations Act or other legislation, to be used for some specific purpose.

**DIRECT STATE SERVICES**— One of the major subdivisions of the State budget, this category includes all general operating costs of State government, including programs which provide services directly to the public.

**DISBURSEMENT**— Payment of money out of any public fund or treasury. (See also EXPENDITURE.)

**EMERGENCY FUND**— A sum appropriated, within the Contingency Appropriation, for allotment to agencies to meet emergency conditions.

**EMERGENCY TRANSFER**— The allocation of funds to an agency from the Emergency Fund to meet unanticipated expenditures.

**ENCUMBRANCE**— A reservation of funds for future payment (disbursement) to liquidate an obligation incurred, usually by the issuance of a purchase order or the execution of a contract calling for payment in the future.

**ENDING BALANCE**— The amount of funds remaining in an account at the end of the fiscal year.

**EVALUATION DATA**— The quantitative expression of the end products produced or other elements involved in the work of an organization.

**EXCESS RECEIPTS**— Any receipts by an agency in excess of anticipated resources in the annual Appropriations Act. Such excess receipts may either be appropriated for the agency's use by the annual Appropriations Act, or may be considered as an overrun of anticipations and, therefore, credited to the General Fund undesignated fund balance.

**EXPENDITURE**— Denotes charges incurred, whether paid or unpaid, thus including both disbursements and liabilities. (See also DISBURSEMENT and ENCUMBRANCE.)

**EXPENDITURE ACCOUNT**— An account in which expenditure transactions are recorded, normally termed an object account; as opposed to a control account in which expenditures may not be recorded.

**FISCAL YEAR**— A twelve-month period of time to which the annual budget applies and at the end of which the State determines its financial position and the results of its operations. New Jersey State government has a July 1 to June 30 fiscal year.

**FRINGE BENEFITS**— Payments made by the State for retirement, social security, health and dental insurance contributions, workers' compensation, unemployment, survivors' and disability insurance.

**FUND**— A fiscal and accounting entity established for the purpose of achieving specified objectives or carrying on certain activities.

**FUND BALANCE—DESIGNATED**— Unexpended and unencumbered appropriations which are authorized to continue into the subsequent fiscal year. (See also REAPPROPRIATION.)

**FUND BALANCE—UNDESIGNATED**— Fund equity unrestricted and available for appropriation.

**GAAP**— Generally Accepted Accounting Principles—The rules and procedures necessary to define uniform account and financial reporting standards, including broad guidelines and detailed practices. The Governmental Accounting Standards Board (GASB) promulgates accounting principles for state and local governments.

**GENERAL FUND**— The funds into which all State revenues, not otherwise restricted by statute, are deposited and from which appropriations are made. The largest part of the total financial operations of the State are accounted for in the General Fund. Revenues received from taxes, most Federal revenue and certain miscellaneous revenue items are recorded in the General Fund. The Appropriation Acts enacted by the Legislature provide the basic framework for the operation of the General Fund.

**GENERAL TREASURY**— Consists of all funds over which the State Treasurer is custodian and/or funds of which the State of New Jersey is the owner or beneficial owner.

**GRANTS IN AID**— One of the major subdivisions of the State budget, this category includes all payments not otherwise defined as State Aid, made to individuals, public agencies or private agencies for benefits or services of three types: benefits to which the recipient is entitled by law or regulation; provision of services for which the State has primary responsibility; and subsidies and provision of services for which the State has no responsibility, but which it elects to provide.

**INTER-DEPARTMENTAL ACCOUNTS**— A group of accounts to which are appropriated funds for payment for or on behalf of all State agencies of rent, employee benefits, and contingency funds for certain specified purposes.

**INTERFUND TRANSFER**— An amount transferred from one fund to another, normally authorized by the annual Appropriations Act.

**LANGUAGE RECOMMENDATIONS**— Language located at the end of a statewide program, department, or fund which provides specific spending or budget authority and/or places limitations on such authority.

**LAPSE**— The automatic termination of an appropriation. Appropriations are made for a single fiscal year. At the end of this period, any unexpected or unencumbered balances revert (lapse) to undesignated fund balance in the General Fund, or to the fund from which originally appropriated, unless specifically appropriated again in the succeeding fiscal year.

**LIABILITY**— Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

**LINE ITEM**— Any single line account for which an appropriation is provided in an Appropriations Act.



## GLOSSARY

**MAINTENANCE AND FIXED CHARGES**— Constitute the routine repair and maintenance of buildings, property and equipment required to keep them in operation and prevent deterioration.

**MASTER LEASE PROGRAM**— A program of financing selected equipment including computers, vehicles and furniture purchases, over multiple years through the issuance of Certificates of Participation. The State of New Jersey, as lessee, is obligated to make payments equal to principal and interest of the certificates. (See also CERTIFICATES OF PARTICIPATION.)

**MATCHING FUNDS**— A type of grant that requires the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.

**MATERIALS AND SUPPLIES**— Materials and supplies are defined as tangible consumable items used for operations not for the maintenance of machinery or equipment.

**NON-BUDGETED POSITION**— A position, established on a temporary basis, for a limited period of time, using funds available from a Special Purpose appropriation, from balances available from unfilled budgeted positions, or from funds provided as a lump sum amount in a salary appropriation.

**NON-STATE FUND (ACCOUNT)**— Any fund (or account within a fund) within the General Treasury, the proceeds of which arise from a source other than the General Fund, typically from Federal or foundation grants, pooled inter-governmental funds, or service charges. (See also REVOLVING FUND.)

**OBJECT ACCOUNT**— This term applies to account classification to identify funds for articles purchased or services obtained (as distinguished from the results obtained from expenditures).

**OBJECT CATEGORY**— A group of objects of similar character categorized for classification purposes. Examples are personal services, materials and supplies, services other than personal, and maintenance and fixed charges.

**OBJECTIVE**— A statement of specific, intended, measurable accomplishments related directly to the need, problem or opportunity the services to the client are designed to address.

**OBLIGATION**— An amount which the State may be required legally to meet out of its resources. It includes not only an actual liability, but also an unliquidated encumbrance, established by the issuance of a purchase order, the execution of a contract calling for payment at some future date, or a liability established in any other lawful way for future payment of a specified amount of money. An obligation normally results in an encumbrance in an appropriation account.

**ORGANIZATION**— Any State government entity which is established by statute, executive order or departmental order, to carry out one or more programs, for which a separate appropriation is made.

**ORIGINAL APPROPRIATION**— An appropriation made in the annual Appropriations Act.

**PERSONAL SERVICES**— An appropriation supporting State employee salaries and wages and other employee benefits.

**PROGRAM**— A group of related activities directed toward the accomplishment of an identifiable objective; it is established by statute,

executive order or departmental order; it is distinguishable by its clientele, organization, subject matter or process.

**PROGRAM CLASSIFICATION**— An operating program function, consisting of closely related activities with an identifiable objective or goal, which is treated as an identifiable appropriation item.

**PROPERTY TAX RELIEF FUND**— Accounts for revenues from the New Jersey Gross Income Tax. Revenues realized from the Gross Income Tax are dedicated by the State Constitution. All receipts from taxes levied on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. Annual appropriations are made from the fund, pursuant to formulae established by the Legislature, to counties, municipalities, and school districts.

**RAINY DAY FUND**— A reserve into which certain revenues are deposited when the amount collected exceeds the amount anticipated. The balance in this fund may be appropriated upon certification by the Governor that anticipated revenues are less than those certified or to meet emergencies.

**REAPPROPRIATION**— The appropriation in any fiscal year of funds remaining unexpended at the end of the preceding fiscal year. (See also FUND BALANCE—DESIGNATED.)

**RECEIPTS**— A general term for cash received which may either satisfy a receivable, be a conversion of another asset or a refund of a prior expenditure; it may also represent revenues earned or realized.

**RECEIVABLE**— An anticipated sum of money which is treated as revenue because it has been earned and is due. Such sums are available for expenditure by State agencies when properly authorized.

**REFERENCE KEY (REF. KEY)**— A columnar heading in the appropriation data section of each program budget which identifies to which program classification a particular account relates.

**REQUEST YEAR**— The fiscal year for which a budget request is made.

**REVENUE ACCOUNT**— An account established for the purpose of recording the receipt of revenues from a specific source.

**REVENUES**— Funds received from taxes, fees or other sources that are treated as income to the state and are used to finance expenditures.

**REVOLVING FUND (ACCOUNT)**— A fund (or an account within any fund) established to finance (1) State activities of a business or commercial nature or (2) the operation of an intragovernmental service agency or enterprise, which generates receipts (income) from the sale of commodities or services. Such receipts are available for the continuing operation of the activity or enterprise.

**SERVICES OTHER THAN PERSONAL**— Charges to this series of accounts represent the cost of purchased services which are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

**SPECIAL PURPOSE APPROPRIATION**— A type of appropriation which includes monies for personal services, non personal services, maintenance, etc. but which is appropriated as a single amount and which does not specify amounts for individual objects of expenditure.



## GLOSSARY

**SPECIAL REVENUE FUNDS**— These funds are used to account for resources legally restricted to expenditure for specified current operating purposes.

**SPENDING AGENCY**— Any department, board, commission, officer or other State agency to or for which an appropriation is made.

**STATE AID**— One of the major subdivisions of the State budget; this category shall mean:

1. Monies paid by the State to a local government or to a nongovernmental agency for:
  - a. Assistance distributed to local governments according to a formula.
  - b. Assistance provided to aid local governments according to carry out activities which are the responsibility of the local unit.
  - c. Grants-in-Aid to non-governmental agencies for functions carried out on behalf of a local unit of government.
  - d. Payments specifically designated by law as State Aid.
2. Expenses incurred by a State department or agency on behalf of a local unit of government. Such expenditures may include:
  - a. Monies budgeted by the State to make payments on behalf of local government.
  - b. Administrative costs of State Aid programs.
  - c. Costs of State personnel engaged in services normally provided and paid for by a local government.

**STATE APPROPRIATIONS LIMITATION ACT**— The Act which limits the growth of the Direct State Services subdivision of the State budget based upon the average annual percentage increase in per capita income over the four fiscal years prior to the base year.

**STATE TREASURY**— A term used generally to refer to all funds (monies) deposited to the credit of the State of New Jersey. It includes the General Fund and funds from all other sources.

**STATEWIDE PROGRAM**— A functional grouping of related program classifications which contribute to satisfaction of some broader objective or objectives. Each Statewide program is presented as a separate component of the total budget of a department or agency.

**STATUTE**— A written law enacted by a duly organized and constituted legislative body.

**STRATEGIC PLANNING**— The process of making present decisions on the allocation of people, assets and priorities to reach an agreed upon objective, after consideration of needs and constraints.

**SUPPLEMENTAL APPROPRIATION**— An appropriation made in addition to (or supplemental to) the annual Appropriations Act.

**SURPLUS**— Revenue exceeding expenditures over a given period of time. Also see FUND BALANCE.

**TRANSFER (OF APPROPRIATION)**— A transaction which reallocates all or part of any item in an appropriation to another item in that appropriation.

**TRUST AND AGENCY FUNDS**— These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**UNEXPENDED BALANCE**— The remaining appropriation balance in an account after charging all disbursements and encumbrances.

**VETO**— An official action by the governor to nullify legislative action.

# NOTES